



# Department of Veterans Affairs

## **Financial Policy**

### **Volume II**

#### **Appropriations, Funds, and Related Information**

#### **Chapter 7C**

#### **Advance Payments**

Approved:

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## 0701 Overview

This chapter establishes the Department of Veterans Affairs (VA) financial policies regarding advance payments, also referred to as advances. Advances, in general, are prohibited by [31 U.S.C. 3324](#) to protect VA from non-delivery of goods and services.

Key points covered in this chapter:

- VA will ensure that all advances are permitted by either law and/or regulation;
- VA will record and report intragovernmental and public advances separately;
- VA will make intragovernmental advance payments to other federal entities in accordance with an executed interagency agreement (IAA);
- VA will make public advance payments to entities and individuals outside the U.S. Government; and
- VA will record and report advances under the “Other Assets” line item of the consolidated balance sheet.

## 0702 Revisions

Section	Revision	Office	Reason for Change	Effective Date
070502 Intragovernmental Advances	Updated to include United States Postal Service (USPS) Enterprise Payment System (EPS) as acceptable method for advance payments for postal products and services	OFP (047G)	Received Department of Treasury approval to continue using current payment methodology until USPS implements G-Invoicing	September 2022
Various	Reformatted to new policy format and completed five-year review	OFP (047G)	Reorganize chapter layout	July 2019
0705 Policies	Updated policy statements	OFP (047G)	Properly reflect VA’s current advance payments reporting and disclosure	July 2019

## 0703 Definitions

**Advances** – Cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover a part, or all, of the recipients' anticipated expenses or as advance payments for the cost of goods and services the entity acquires.

**Federal Employees Health Benefits (FEHB) Advance** – Money paid to finance the cost of maintaining FEHB for VA employees who are in an insufficient pay or leave-without-pay status.

**Federal Travel Regulation (FTR)** – The FTR ([FTR Chapters 300 – 304](#)) is the regulation contained in Section 41 of the Code of Federal Regulations (CFR), Chapters 300 through 304, that implements statutory requirements and Executive branch policies for travel by federal civilian employees and others authorized to travel at government expense.

**Other Assets** – Title given to assets not reported in a separate category on the face of the Balance Sheet, this category includes assets that are immaterial to the entity and do not warrant separate reporting.

**Temporary Duty (TDY) Travel** – Travel by an employee on official business to a designated location(s) away from their local area, as authorized by an employee's AO through a TA.

**Travel Advance** – Pre-payment of authorized estimated travel expenses paid to an employee in the form of electronic funds transfer (EFT).

## 0704 Roles and Responsibilities

**Administration/Staff Office Fiscal Staff and Chief Financial Officers (CFOs)** are primarily responsible for recording and reporting advances within their jurisdiction. Administration/Staff Office Fiscal Staff and CFOs also provide assistance in preparing VA's quarterly and year-end financial statements and accompanying notes, which include the appropriate reporting of VA's advances under the "Other Assets" line item.

**Financial Services Center (FSC)** is responsible for providing operational support for the accounting and reporting of VA's advances (e.g., travel, salary, intergovernmental, etc.). FSC is responsible for posting, offsetting, and reporting advance transactions and providing technical support to stations, when requested.

**Veteran Benefits Administration (VBA)** is responsible for authorizing, recording, processing, reporting, and monitoring advance payments to and on the behalf of eligible veterans and their beneficiaries for subsistence allowance or educational assistance under VA's benefits programs.

## 0705 Policies

### 070501 General Policies

- A. VA will make payments in advance of the receipt of goods and services where authorized by laws and regulations. Examples include the following:
- Advances to other federal entities ([31 U.S.C. 1535](#));
  - Advances for tuition for civilian employees as authorized by the Government Employees Training Act ([5 U.S.C. 4109](#));
  - Advances for subsistence allowance and educational assistance allowance ([38 U.S.C. 3680\(d\)](#));
  - Advances for subscriptions or other charges for newspapers, magazines, periodicals, and other publications for official use ([31 U.S.C. 3324\(d\)](#));
  - Advances for official travel ([5 U.S.C. 5705](#)); and
  - Advances for post office box rentals ([25 Comp. Gen. 834](#)).
- B. VA will record and report advances in two categories: intragovernmental advances and public advances.

### 070502 Intragovernmental Advances

- A. Administration/Staff Office Fiscal Staff and CFOs and FSC will:
- Advance funds for goods or services ordered from other federal entities as agreed to in the IAA. Refer to VA Financial Policy, Volume I, Chapter 11, Interagency Agreement, for details;
  - Process advance payments via the Intragovernmental Payment and Collection (IPAC) system;
  - Liquidate advances and record the corresponding expenses during the IAA period of performance; and
  - Review the advance payments and request the servicing agency to return any unused funds advanced.
- B. Advance payments to USPS may be transacted through EPS instead of IPAC to allow for the level of detail needed to reconcile postage purchases. This exemption is granted by Treasury on an interim basis for supported products while USPS transitions to G-Invoicing.

### 070503 Public Advances related to Employees

- A. VA will provide travel advances to eligible employees subject to the provisions of 5 U.S.C. 5705, the Federal Travel Regulation (FTR), and VA policies. FSC will maintain VA's end-to-end travel system to process authorized travel advances, record and monitor these transactions, and ensure the travel claim liquidates the travel advances when travel expenses are claimed.

For specific policy guidance on the authorization of travel advances for official TDY expenses reference [Vol XIV Ch. 1, Travel Administration](#); for relocation travel reference [Vol XIV Ch. 8, Relocation Packages](#); and for guidance on obtaining authorized ATM or bank cash withdrawals using the Government travel charge card reference [Vol XVI Ch. 2, Government Travel Charge Card Program](#).

- B. VA will advance Federal Employees Health Benefits (FEHB) premiums on behalf of its employees for periods of insufficient pay, or leave-without-pay, or no-pay. VA's payroll service provider and FSC will process the advance payments for FEHB premiums. VA employees will repay the FEHB premiums unless VA waives all or any part of the payments.
- C. VA will advance salaries to employees according to [5 U.S.C. Part III, Subpart D – Pay and Allowances, Chapter 55 & 59](#) and [5 C.F.R. Part 550, Pay Administration \(General\)](#). VA's payroll service provider and FSC will process the salary advances. VA Handbook 5007, Pay Administration and VA Financial Policy Volume XV, Chapter 6, Payroll: Payments, provide detailed guidance relating to salary advance payments.
- D. VA will make advance payments on behalf of employees for approved educational benefit training programs, including educational seminars.
- E. VA will generally establish and maintain a single disbursing fund per field facility for use by agent cashiers. VA Financial Policy, [Volume VIII, Chapter 3, Agent Cashier Accountability Policy](#), covers detailed policies relating to the advances processed by agent cashiers.

### 070504 Public Advances related to Veterans and Beneficiaries

- A. VBA will provide advances for subsistence allowance or educational assistance to Veterans or their beneficiaries attending educational and training programs.
- B. To authorize the advances, VBA will require the Veterans or their beneficiaries to:
- (Re-)Enroll in eligible educational and training programs;
  - File their advance payments requests at school; and
  - Attend schools on at least a half-time basis.

- C. VBA will validate the enrollment, pursuit, and attendance of the educational or training programs according to the regulation requirements.
- D. VBA will provide advances to either the Veterans/beneficiaries or the education institutions no earlier than 30 days before the educational or training programs are to commence.
  - 1. If the education institutions fail to submit enrollment certifications to VA within 30 days after the commencement of programs, VA will request the return of the advance payments from the institutions.
  - 2. If Veterans or their beneficiaries fail to enroll in or pursue the program for which the advances were made, VA will require repayment from the individual, unless VA waives them in whole or in part in accordance with authoritative guidance.
- E. VBA will not authorize advances for correspondence courses, on-the-job trainings, flight trainings, homebound trainings, or independent instruction programs.

#### **070505 Public Advances related to Contractors and Grantees**

- A. VA will provide advances to contractors and grantees at the minimum amounts needed for the actual, immediate cash needs in executing the contract or grant agreements. Most contract advances are made by the Veterans Health Administration (VHA) to hospitals and medical schools, affiliated with universities for the payment of residency and intern program salaries and/or fringe benefits.
- B. VA will authorize the contractors and grantees to submit their requests for advances based on the provisions and terms and conditions prescribed in the contract or grant agreement.
- C. If VA approves a request for advance, VA will process the advance as close to the actual disbursement date when the contractor or grantee will pay for the associated allowable costs. Whenever possible, VA will consolidate advance payments by recipients.

#### **070506 Accounting and Reporting for Advances**

- A. Administration and Staff Office Fiscal Staff and CFOs will record and report advances as assets under the “Other Assets” line item on the quarterly and annual consolidated financial statements. Refer to VA Financial Policy Volume V, Chapter 10, Other Assets, for details.

- B. Upon request, FSC will support Staff Office/Administration Fiscal Staff and CFOs by posting entries, offsetting for advances, and providing related accounting help desk support.
- C. VA will reduce advances when goods or services are received and/or contract/agreement terms are fulfilled. The advances, in effect, expire with the completion and delivery of the goods and/or services.
- D. VA will reclassify advances subject to refund to accounts receivable for financial reporting purpose. VA will monitor accounts receivables to ensure timely collections.

## **0706 Authorities and References**

[Harry W. Colmery Veterans Educational Assistance Act of 2017, Public Law 115-48](#)

[5 U.S.C. 4109, Expenses of Training](#)

[5 U.S.C. Chapter 55, Pay Administration](#)

[5 U.S. C. Chapter 57, Travel, Transportation, and Subsistence](#)

[5 U.S. C. Chapter 59, Allowances](#)

[31 U.S.C. 1535, Agency Agreements](#)

[31 U.S.C. 3324, Advances](#)

[38 U.S.C. 3680, Payment of Educational Assistance or Subsistence Allowance](#)

[25 Comp. Gen. 834, Advance Payments for Post Office Box Rentals](#)

[2 C.F.R. 200.3, Advance Payment](#)

[2 C.F.R. 200.305, Payment](#)

[5 C.F.R. Part 550, Pay Administration \(General\)](#)

[41 C.F.R. Subtitle F, Federal Travel Regulation System, Chapter 300, 301, and 302](#)

[48 C.F.R. 32.4, Advance Payments for Non-commercial Items](#)

[FTR Amendment 2014-01](#)

[FTR Amendment 2015-02](#)



[The Government Accountability Office \(GAO\) Red Book, Volume 2, Chapter 10, Federal Assistance: Grants and Cooperative Agreements](#)

[OMB Circular A-136, Financial Reporting Requirements – Revised](#)

[FASAB Statement of Federal Financial Accounting Standards \(SFFAS\) No. 1, Accounting for Selected Assets and Liabilities](#)

[VA Handbook 5007, Pay Administration](#)

## **0707 Rescissions**

VA Financial Policy, Volume II, Appropriations, Funds and Related Information, Chapter 7C – Advance Payments dated July 2013.

## **0708 Questions**

Questions concerning these financial policies and procedures should be directed as follows:

VHA	<a href="#"><u>VHA 10A3A Accounting Policy</u></a> (Outlook)
VHA	<a href="#"><u>VAFSC Nationwide Accounting</u></a> (Outlook)
VBA	<a href="#"><u>VAVBAWAS/CO/FINREP</u></a> (Outlook)
NCA	<a href="#"><u>NCA Finance Group</u></a> (Outlook)
All Others	<a href="#"><u>OFP Accounting Policy</u></a> (Outlook)